GOVERNMENT OF INDIA
OVERSEAS INDIAN AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4752
ANSWERED ON:09.05.2007
NRI INVESTMENT IN INDIA
Thomas Shri P.C.

Will the Minister of OVERSEAS INDIAN AFFAIRS be pleased to state:

(a) whether Indians abroad are willing to invest in India;

(b) if so, the steps taken to co-ordinate such ventures;

(c) the countries having maximum NRIs;

(d) whether the Government has any plans to attract such Indians to invest in India; and

(e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF OVERSEAS INDIAN AFFAIRS (SHRI VAYALAR RAVI)

(a): Yes, Sir.

(b), (d) and (e): A list of facilities to the NRIs, other initiatives taken to coordinate such ventures and plans to attract the investment are placed at Annexure-I.

(c): The largest number of NRIs are in Gulf countries, USA, Canada, UK and Malaysia.

Annexure -I

Statement referred to in Part (b), (d) and (e) of Lok Sabha Unstarred Question No. 4752 to be replied on 9.5.2007 regarding NRI investment in India.

Government has put in place a liberal and transparent policy for FDI, including investment from NRIs, wherein most of the sectors are open to FDI under the automatic route. Under the FDI policy the following additional facilities are available to NRIs only:

(i) NRIs can invest upto 100% under the automatic route in the Housing and Real Estate Development for the following activities:

a. Development of services plots and construction of built up residential premises;
b. Investment in real estate covering construction of residential and commercial premises including business centers and offices;
c. Development of township;
d. City and regional level urban infrastructure facilities, including roads and bridges;
e. Investment in participatory ventures in the above activities;
f. Investment in housing finance institutions;
g. Press note 2 (2005) not applicable to NRIs.

(ii) NRIs can invest upto 100% in Indian companies engaged in Air Transport Service subject to no direct or indirect participation of a foreign airline. (For foreign companies FDI is permitted only up to 49%.)

Other facilities for NRIs

In addition to the investments under the FDI policy, NRIs can also invest under other schemes under various FEMA Regulation in the following activities / sectors:

a. Mutual Funds.
b. Investment in PSU Bonds
c. Investment up to 100% equity in proprietary/ partnership concerns, except in agricultural plantation activity or real estate business. (Foreign companies are not allowed to invest in partnership firms/ proprietary concerns.)
d. Portfolio investment schemes: NRIs/ OCBs are permitted to invest in shares and debentures through secondary market purchases from the stock exchanges under the portfolio scheme. Investment limits are 5% and 10% respectively. These limits are over and

above the FII portfolio investment limits so as to ensure that NRI investment are not crowded out by FIIs. As per information given by RBI, NRI investment under the portfolio schemes since 2000 to July 2005 are Rs. 614.71 crores.
e. NRIs can acquire immovable property, other than agricultural land/ plantation property/ farm house and transfer such property to a resident, another NRI/PIO.

(iii) In addition to the above, following initiatives have also been taken:

a. The Government has approved establishing a Centre as a not-for- profit trust, in partnership with the Confederation of Indian Industry and register it under the Indian Trust Act, 1882 under the title `Overseas Indian Facilitation Centre`.

The `Overseas Indian Facilitation Centre` will serve as a `one stop shop` for the Indian Diaspora. The office of the trust will be at Delhi. The trust will function as a non-profit body with the objective of Promoting Overseas Indian Investment in India, facilitating Business-to-Business partnerships between Indian Business and overseas Indians and extend a host of advisory services to PIO`s and NRFs.

b. An electronic financial advisory portal called `Pravasi Bhartiya Seva` to extend online advisory services on investment, taxation and real estate to potential Overseas Indians has been launched.

c. A `Compendium on Policies, incentives and investment opportunities for Overseas Indians` has been published for utilizing the same as a ready reckoner.

d. During Pravasi Bhartiya Divas(PBD) an exclusive session for discussing investment related matters is invariably organized every year.

e. In Interactive sessions with State government on such opportunities are discussed during PBD.